

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AGRE-00 AID-05 IO-13 USIA-06

COME-00 TRSE-00 EPG-02 SP-02 NSC-05 SS-15 STR-04

OMB-01 CEA-01 PA-01 PRS-01 H-01 L-03 /078 W

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R 242145Z JUN 77

FM AMEMBASSY PANAMA

TO AMEMBASSY SAN JOSE

INFO SECSTATE WASHDC 2512

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SAN JOSE FOR AG. ATT.

EO 11652: N/A

TAGS: EAGR, PN

SUBJECT: COFFEE SHORTAGE IN PANAMA

SUMMARY: PANAMA IS SUFFERING A COFFEE SHORTAGE WITH LITTLE OR NO COFFEE ON SUPERMARKET SHELVES. THE SHORTAGE IS SAID TO BE DUE TO HOARDING AND SMUGGLING OUT OF COFFEE WHICH IS KEPT AT ARTIFICIALLY LOW PRICE. NO RELIEF FOR LOCAL MARKET EXPECTED UNTIL NOVEMBER COFFEE HARVEST. GOP MAY BE FORCED TO IMPORT COFFEE AT WORLD MARKET PRICES TO SUPPLY LOCAL DEMAND. IN EITHER CASE, NO COFFEE OR TOO EXPENSIVE COFFEE COULD HAVE POLITICAL REPERCUSSIONS. END SUMMARY.

1. COFFEE HAS SUDDENLY DISAPPEARED FROM THE SHELVES OF PANAMA CITY'S SUPERMARKETS. EMBASSY OFFICER YESTERDAY COULD FIND NO GROUND COFFEE IN PANAMA CITY SUPERMARKETS, NOR IN THE PANAMA CANAL COMPANY'S RETAIL OUTLET IN BALBOA. THE MORNING TABLOID "CRITICA" 24 JUNE, UNDER A HEADLINE "SPECULATORS IMPEDE THE PEOPLE'S COFFEE DRINKING" BLAMED THE COFFEE SHORTAGE ON "EVAPORATION" OF THE COMMODITY (I.E., EITHER HOARDED OR SMUGGLED OUT OF THE COUNTRY) FROM CHIRIQUI PROVINCE. THE ARTICLE ALSO MILDLY CHIDED THE GOP FOR STEPPING IN TOO LATE TO STOP THE "EVAPORATION."

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2."CRITICA" QUOTES LORENZO ROMAGOSA, GENERAL MANAGER OF CAFE DURAN, S.A., AS SAYING "THE GOP MIGHT HAVE TO RAISE THE LOCAL PRICE OF COFFEE" THIS DESPITE POSSIBLE "REPERCUSSIONS" BECAUSE COFFEE TO MEET LOCAL DEMAND WOULD HAVE TO BE IMPORTED FROM ABROAD AT HIGH WORLD MARKET PRICES. THE ARTICLE FURTHER QUOTES ROMAGOSA TO SAY THAT THE LOCAL SUPPLY WILL NOT IMPROVE

UNTIL NOVEMBER'S COFFEE HARVEST IN CHIRIQUI.

3. CAFE DURAN RAN A QUARTER PAGE ADVERTISEMENT IN THE NEWSPAPER "LA ESTRELLA" DIRECTED TO THE COMPANY'S CUSTOMERS AND CONSUMERS APOLOGIZING FOR ITS INABILITY TO MAKE DELIVERIES BLAMING DOMESTIC SHORTAGES AND HIGH INTERNATIONAL PRICES. THE AD REPEATS THE "CRITICA" MESSAGE THAT THE DOMESTIC SHORTAGE WILL NOT BE ALLEVIATED UNTIL THE NEXT HARVEST.

4. ON THE OTHER HAND, MANAGER OF CAFE SITTON, PANAMA'S OTHER LARGE COFFEE COMPANY, TOLD EMBASSY OFFICER BY PHONE THAT HIS COMPANY HAS PLENTY OF COFFEE TO MEET THE NEEDS OF ITS REGULAR CUSTOMERS. THE MANAGER WOULD NOT SAY HOW MUCH COFFEE HE HAD. COMMENT: DESPITE CAFE SITTON'S CLAIM TO HAVE PLENTY OF COFFEE, IT IS DOUBTFUL THEIR SUPPLY CAN SATISFY LOCAL DEMAND AS CAFE DURAN'S USUAL SHARE OF THE MARKET IS LARGER THAN SITTON'S: SUPERMARKETS WILL PROBABLY LIMIT THE PER PERSON QUANTITY OF CAFE SITTON SOLD, BUT SHELVES WILL PROBABLY REMAIN RELATIVELY BARE ANYWAY. WITH WORLD PRICE FOUR TIMES LOCAL CONTROLLED PRICE COFFEE HAS BEEN DISAPPEARING FROM LOCAL MARKETS QUICKLY. IN CANAL ZONE RETAIL STORE MANAGER SAYS HE HAS BEEN SELLING FIVE TIMES AS MUCH COFFEE AS IN 1976 AND THAT HE KNOWS MUCH OF IT IS GOING THROUGH THE MAIL TO STATESIDE RELATIVES. SMUGGLING OUT OF COFFEE HAS ALSO BEEN EXTENSIVE ACCORDING TO GOP AUTHORITIES.

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5. IF THE LOCAL CONSUMER CANNOT DRINK HIS MORNING CUP OF COFFEE, EITHER BECAUSE HE CANNOT FIND ANY TO BUY OR BECAUSE IMPORTED COFFEE COSTS MORE THAN HE CAN PAY, THEN ANGER WILL BE THE RESULT. THE GOP MIGHT CONSIDER ABSORBING THE DIFFERENCE IN THE COST OF IMPORTED COFFEE TO MAINTAIN THE LOCAL PRICE; THAT WOULD BE EXPENSIVE AND A BLOW TO THE ALREADY DEPRESSED ECONOMY, BUT PERHAPS WOULD BE SEEN AS CHEAP PRICE TO PAY TO PREVENT MORE COMPLAINTS ABOUT DECLINE IN LOCAL LIVING STANDARD.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, ECONOMIC CONDITIONS
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Sent Date: 24-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Legacy Key: link1977/newtext/t19770620/aaaaaqze.tel
Line Count: 104
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Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
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Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2037955
Secure: OPEN
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